



MARTHA COAKLEY  
ATTORNEY GENERAL

THE COMMONWEALTH OF MASSACHUSETTS  
OFFICE OF THE ATTORNEY GENERAL  
ONE ASHBURTON PLACE  
BOSTON, MASSACHUSETTS 02108

(617) 727-2200  
(617) 727-4765 TTY  
[www.mass.gov/ago](http://www.mass.gov/ago)

October 7, 2014

***By Hand Delivery***

Dr. Stuart Altman, Chair  
Health Policy Commission  
Two Boylston Street, Sixth Floor  
Boston, Massachusetts

**Re: The Health Policy Commission's 2014 Cost Containment Hearings**

Chairman Altman and the Members of the Health Policy Commission:

Thank you for convening this year's hearing on cost trends and cost drivers in the Commonwealth pursuant to G.L. c. 6D, § 8. My office, through our Health Care Division, looks forward to being part of the hearing and to the policy initiatives that, history shows, are likely to be generated by the hearing's concentrated focus on health care cost containment. This year, my office has focused its attention on advancing behavioral health in the Commonwealth, a challenge that I know the HPC is prepared to tackle with the same skill and commitment it has brought to health care cost containment.

Since 2010 these cost containment hearings have provided my office an invaluable opportunity to use our investigative and analytical skills to promote a better functioning and more cost-effective health care market. We have done so by shining a light on that market: how it works, when it doesn't seem to work as well as we would like, and how health care policy might make it work better. Among other things, in our first three cost containment reports my office has:

- Exposed price disparity among health care providers, showing that prices paid to hospitals and physician groups vary significantly, and that these disparities are explained not by quality differences or patient acuity but by the provider's market position in negotiations with payers.<sup>1</sup>

---

<sup>1</sup> OFFICE OF ATTORNEY GENERAL MARTHA COAKLEY, EXAMINATION OF HEALTH CARE COSTS TRENDS AND COST DRIVERS PURSUANT TO G.L. 118G, § 6 ½(B): REPORT FOR ANNUAL PUBLIC HEARING (Mar. 16, 2010), available at <http://www.mass.gov/agodocs/healthcre/2010-hcctd-full/pdf> (hereinafter AGO 2010 REPORT).

- Explored and sought to explain the complex web of contracts between insurers and providers that result in the prices we pay for health care.<sup>2</sup>
- Analyzed whether global payments could be expected to fulfill the cost-saving goals anticipated for payment reform.<sup>3</sup>
- Examined whether total medical expenses (“TME”) per patient differed depending on income level,<sup>4</sup> or geographic location.<sup>5</sup>
- Explored the impact of insurance product design—including high cost sharing, limited networks and tiered provider networks—on health care costs.<sup>6</sup>

These cost trend hearings and the reports of the Health Care Division have proven a powerful motivator of policy change, just as the Legislature envisioned. Massachusetts statutes have promoted cost and pricing transparency. Concepts like TME and provider price disparities were just seeing the light of day in 2010; now they are the subject of regular collection and reporting by CHIA—the Center for Health Information and Analysis. And of course, we have the cost growth benchmark, provider registration, and the Health Policy Commission, continuing to enhance transparency, including through its market impact analysis of significant proposed changes in the market. I know my office looks forward to a continued rich collaboration with the Commission to restrain costs while preserving our nation-leading quality and access.

Today before the Commission, our office focuses on behavioral health in the Commonwealth. For many patients behavioral health treatment is just as essential as physical health treatment. The law provides for mental health parity. I am deeply committed to making true parity not just an aspiration but a reality. On the cost front, behavioral health may reflect a small portion of overall spending, but given the documented high cost of spending for individuals with comorbid behavioral health and medical conditions, how we invest our behavioral health dollars has enormous potential for impacting overall health care spending. Real mental health parity is not only a matter of good health care policy but also a matter of social justice. It will require a sustained and broad-based commitment well beyond today’s hearing, as both I and the HPC understand well.

---

<sup>2</sup> AGO 2010 Report; with respect to risk contracts, OFFICE OF ATTORNEY GENERAL MARTHA COAKLEY, EXAMINATION OF HEALTH CARE COST TRENDS AND COST DRIVERS PURSUANT TO G.L. C. 6D, § 8: REPORT FOR ANNUAL PUBLIC HEARING (Apr. 24, 2013), available at <http://www.mass.gov/ago/docs/healthcare/2013-hcctd.pdf> (hereinafter AGO 2013 REPORT).

<sup>3</sup> OFFICE OF ATTORNEY GENERAL MARTHA COAKLEY, EXAMINATION OF HEALTH CARE COST TRENDS AND COST DRIVERS PURSUANT TO G.L. C. 118G, § 6 ½(B): REPORT FOR ANNUAL PUBLIC HEARING (June 22, 2011), available at <http://www.mass.gov/ago/docs/healthcare/2011-hcctd-full.pdf> (hereinafter AGO 2011 REPORT).

<sup>4</sup> AGO 2011 REPORT.

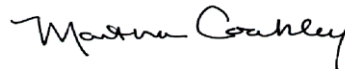
<sup>5</sup> AGO 2013 REPORT.

<sup>6</sup> AGO 2013 REPORT.

Like some of our prior reports, today's presentation on the behavioral health landscape is an initial step. We seek to shed light on a complex reimbursement system that includes multiple players, contracts, and payment levels. We show that the administration and management of behavioral health benefits is often fragmented, carved out, and managed separately from physical health benefits. This may leave some of our most vulnerable patients to navigate a more complex system, potentially with additional hurdles to obtaining care. In today's initial findings, we seek to highlight some challenges; we do not yet claim to have the answers. But we look forward to working with the HPC, the Legislature, providers, insurers and all stakeholders to fulfill the commitment to parity and excellence in behavioral health.

Thank you again for the opportunity for the Office of the Attorney General to participate in today's proceedings.

Cordially,

A handwritten signature in black ink, appearing to read "Martha Coakley". The signature is fluid and cursive, with the first name "Martha" and last name "Coakley" clearly distinguishable.

Martha Coakley  
Attorney General